

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 XMB-04 COME-00 SOE-02 AID-05 CEA-01

CIAE-00 DODE-00 EB-08 DOE-15 H-02 INR-10 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-20 OES-07

SP-02 SS-15 STR-07 TRSE-00 ACDA-12 EUR-12 NEA-10

/164 W

-----055293 260605Z /11

R 260408Z APR 78

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3099

INFO AMCONSUL PERTH

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

UNCLAS CANBERRA 3141

DEPARTMENT ALSO PASS EXIMBANK AND COMMERCE

E.O. 11652: N/A

TAGS: EMIN, ENRG, BENC, ECRE, EINV, BEXP, AS

SUBJECT: MINISTER FOR INDUSTRIAL DEVELOPMENT, WESTERN AUSTRALIA,

COMMENTS ON NORTHWEST SHELF PROJECT

REF: (A) CANBERRA 02953; (B) CANBERRA 03056

1. ANDREW MENSAROS, MINISTER FOR INDUSTRIAL DEVELOPMENT FOR
WESTERN AUSTRALIA, COMMENTED AS FOLLOWS ON SUBJECT PROJECT IN THE
QUARTERLY BULLETIN FOR SENIOR MANAGEMENT:

"2. THE DOLS3000 MILLION (US DOLS1.00 - ADOLS0.85) NORTH WEST
SHELF NATURAL GAS PROJECT IS OF IMMENSE ECONOMIC IMPORTANCE TO OUR
STATE AND OUR NATION. IT IS, THEREFORE, TIMELY AND APPROPRIATE THAT
I ADDRESS MYSELF TO THAT SUBJECT.

3. THE WESTERN AUSTRALIAN MISSION WHICH I LED TO THE UNITED
KINGDOM AND EUROPE IN JANUARY AND FEBRUARY STIMULATED TREMENDOUS
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INTEREST IN THE PROJECT.

4. POSITIVE RESULTS WERE ACHIEVED AND I AM EXTREMELY SATISFIED
AT THE CLOSE ATTENTION WHICH MANY COMPANIES ARE NOW PAYING TO THE
PROJECT. COMPANIES THROUGHOUT WESTERN AUSTRALIA, THE REST OF THE
NATION AND OVERSEAS HAVE BECOME VERY AWARE OF THE IMMENSE POTENT-
IAL THIS PROJECT HOLDS FOR NEW BUSINESS, FOR ON-GOING COMMERCIAL

OPPORTUNITY AND ESPECIALLY FOR JOINT VENTURES. OVERSEAS TECHNOLOGY AND FINANCIAL BACKING CAN BE HARNESSSED THROUGH LOCAL CAOMPANIES TO MAXIMISE LOCAL PARTICIPATION.

5. THE PROJECT WILL BE A WORLD-RANKING ENGINEERING DEVELOPMENT AND CERTAINLY THE BIGGEST EVER UNDERTAKEN IN AUSTRALIA. THE MAGNITUDE OF THE MAIN SUB-CONTRACTS WILL BE MEASURED IN MILLIONS OF DOLLARS. COMPANIES WISHING TO PARTICIPATE WILL HAVE TO PROVE THEIR ABILITY TO MEET PRODUCTION DEADLINES, AND WILL NEED TO SATISFY PRIME CONTRACTORS OF THEIR FINANCIAL ABILITY TO MEET THE TASK AHEAD.

6. WHERE EARLY STUDIES SHOW INDIVIDUAL COMPANIES LACK THIS ABILITY, THEY SHOULD QUICKLY ASSESS THE BENEFITS TO BE GAINED FROM BUILDING THE NECESSARY STRENGTH IN JOINT VENTURE ASSOCIATIONS WITH ONE, TWO OR MANY MORE OTHER COMPANIES WITH SIMILAR EXPERTISE.

7. THE GREATEST SHARE OF THE WORK WILL INEVITABLY GO TO THOSE COMPANIES AND GROUPS WHICH HAVE PROPERLY ASSESSED THE MAGNITUDE OF THE TASK AHEAD AND GEARED EFFORTS AND CAPACITY TO MEET THAT CHALLENGE."

8. COMMENT: BEYOND THE OVERSEAS MARKETS FOR THE LNG AND ISSUES INVOLVED THEREIN (REFTELS) WE NOTE THAT THE MINISTER'S MISSION TO THE UNITED KINGDOM AND WESTERN EUROPE EARLIER THIS YEAR STIMULATED TREMENDOUS INTEREST IN THIS PROJECT. WE BELIEVE IT TIMELY THEREFORE FOR INTERESTED U.S. CONSTRUCTION AND ENGINEERING FIRMS WISHING

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TO PARTICIPATE IN THIS PROJECT, AS ITS FINANCING AND OTHER MARKETING PROBLEMS MOVE TOWARD RESOLUTION, TO FOCUS ON THE MINISTER'S INJUNCTION TO PROVE THEIR ABILITY TO MEET PRODUCTION DEADLINES AND TO SATISFY PRIME CONTRACTORS OF THEIR FINANCIAL ABILITY TO MEET PROJECT COMMITMENTS. U.S. SUPPLIERS INTERESTED IN THIS PROJECT SHOULD ALSO START NOW TO ENERGIZE THEIR AGENTS OR AFFILIATES TO EXPLOIT THE LONG RANGE POTENTIAL OF THIS PROJECT WHICH WILL ALSO OFFER CONSIDERABLE JOINT VENTURE POTENTIAL. INDICATIONS HERE ARE THAT THE MINISTER'S INJUNCTION HAS NOT BEEN LOST ON THE EUROPEANS.

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